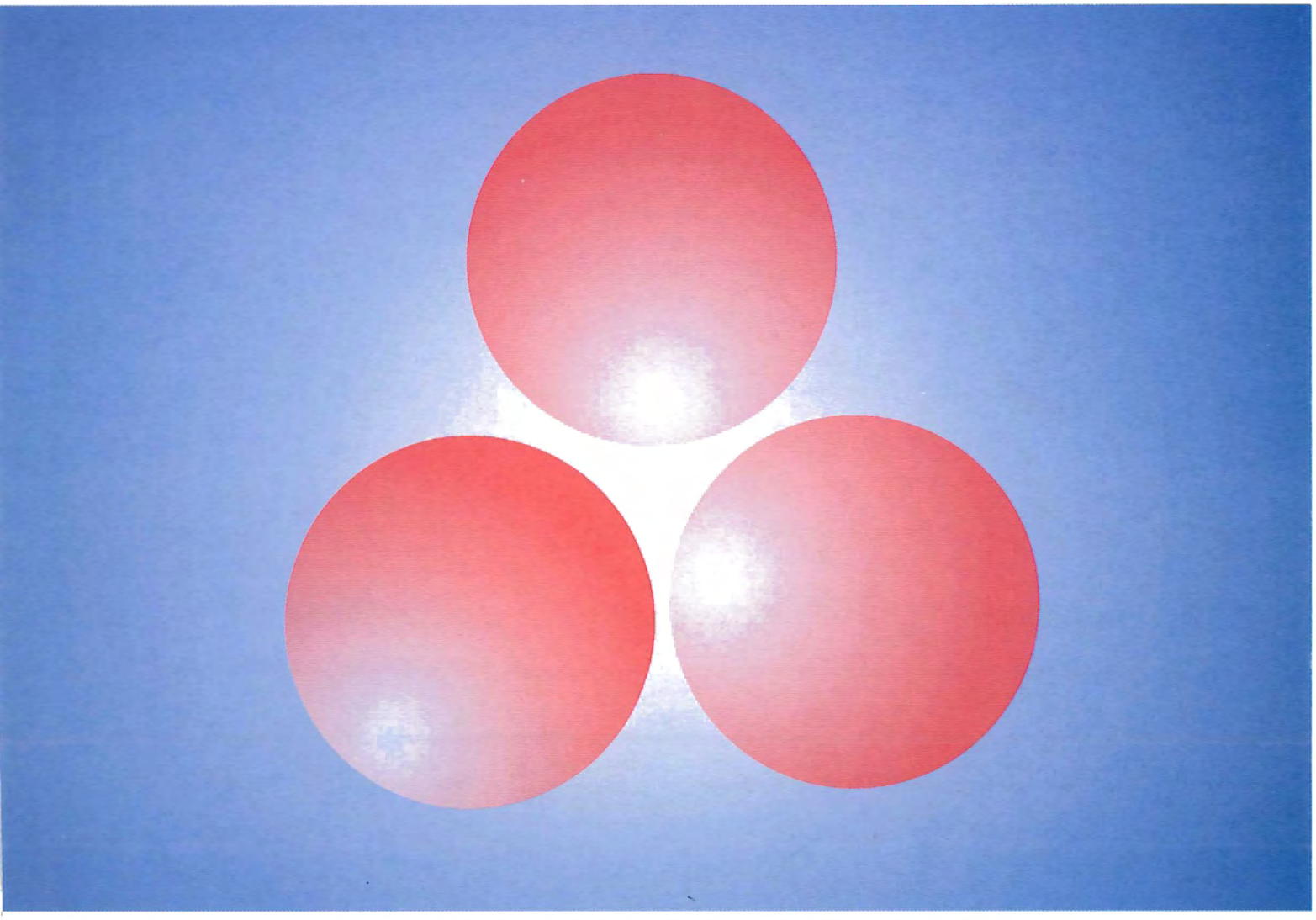
PUBLIC-PRIVATE PARTNERSHIPS:

THE ROLE OF THE NON-PROFIT LEADER



INMED Partnerships for Children

"Inspiring Communities, Creating Opportunities"

Table Of Contents

2 | Foreword

6 | Evolution Of Collaboration Between Development Stakeholders

10 | Critical Factors For Success

12 | Leadership

16 | Common Ground

19 | Accountability

22 | Conclusion

23 | Glossary

24 | References

27 | Acknowledgements

Foreword

Public and private sector stakeholders in international development circles are increasingly championing public-private partnerships as a more effective approach to solving vexing problems in developing nations. The shared interests of global and local development stakeholders—corporations, foreign assistance agencies, governmental entities, foundations, non-profit agencies, and communities—are driving this broad support for partnerships. Advocates assert that the combined expertise and resources of governmental organizations, teamed with those of both commercial and non-profit private sector entities, offer more creative, effective and sustainable interventions than could otherwise be achieved by the stakeholders working independently.

What is most remarkable about the current interest in public-private partnership is that it is being enthusiastically advocated by governmental organizations in many developing and donor countries. Developing country governments – from countries as diverse as China, Angola, and Peru – are inviting private sector engagement in areas that traditionally are governmental responsibilities, including basic education and communicable disease.

The pioneering investment of USAID's Office of Private and Voluntary Cooperation (PVC) in capacity building for non-profit organizations and in measures to encourage non-profits to seek for-profit partners has been ongoing, and has yielded many lessons in public-private partnership development. More recently, USAID established the Global Development Alliance (GDA) to stimulate commercial sector investments in humanitarian and development efforts. The establishment of the GDA represented a move away from the traditional approach of limited government participation with for-profit companies and a move toward embracing cooperation with them in order to better leverage resources to achieve development objectives.

Most private sector organizations, whether for-profit or non-profit, do engage in some type of relationship with the public sector.[1] These interactions range from traditional grantor-grantee or contractor relationships to more dynamic and multi-faceted associations entailing greater engagement among stakeholders.[2] The latter implies deeper and longer-term commitments in which all parties are contributing resources and sharing both responsibilities and risks to reach a goal they otherwise could not achieve.

Within the context of this increased impetus for public-private partnerships, this publication highlights the role that non-profit organizations and their senior staff can play in partnership formation and implementation. Non-profits are in a unique position because both government and corporate stakeholders derive legitimacy and comfort from being associated with non-profit organizations whose sole purpose is humanitarian and which are committed to transparency of finances and results.

Non-profits have practical experience to offer both for-profit and government partners. They often have many years of experience in persuading government and commercial organizations to provide resources and, as a result, are familiar with the enormous cultural differences between government and business. Because many non-profits have business executives on their boards of directors or involved in local program structures, they know first hand that corporations offer much more than additional financial resources. They know where and why corporations are likely to be interested in social responsibility programs. Non-profit organizations also have a long-standing history of working with governmental partners in developing countries to achieve improvements in health, basic education, food security, the environment, and civil society. In short, non-profits can comfortably bridge the gap between the commercial private sector and governmental development agencies.

The most important messages that we wish to convey to all readers are the following:

- Programs implemented by public-private partnerships hold the promise of greater, longer-lasting social impact than programs operated by stakeholders working independently.
- There is no one-size-fits-all approach to partnership; what works best with one particular program, corporate culture, or partnership venture may not work at all in a different situation.
- Leaders of non-profits are in a position to assume a unique role in brokering and maintaining partnerships within the private sector, and in integrating the private sector contribution with that of governmental partners.
- This facilitating role is a demanding one and, to be effective, must be actively embraced by non-profit leadership.
- Non-profit leaders willing to take on the challenge must ensure, through their facilitating function, the presence of the fundamental factors critical for the success of the partnership.

As a backdrop for introducing these critical success factors, this publication begins by discussing the evolution of collaboration between development stakeholders. It then frames the current partnership environment by examining external "drivers" and trends that are motivating development stakeholders to seek public-private collaboration. This is followed by a discussion of the critical factors for success that have emerged from our research: leadership, common ground, and accountability. The discussion includes practical information that non-profit executives and senior staff can use to determine the presence and evaluate the strength of these critical success factors in their own organizations and in those of potential partners.

Going beyond the evaluation of critical success factors, publications are available that provide an ethical framework for analysis of and tools for charting organizational commitment and readiness.[3] These publications will assist organizations with conducting an in-depth internal analysis as they evaluate initiating or expanding their partnership activities.

The partnership construct presented in this publication has emerged from the work of the Millennium Alliance[4], interviews with non-profit organizations and the commercial sector, a literature review, and INMED Partnerships for Children's 20 years of experience in promoting and participating in public-private partnerships.

---

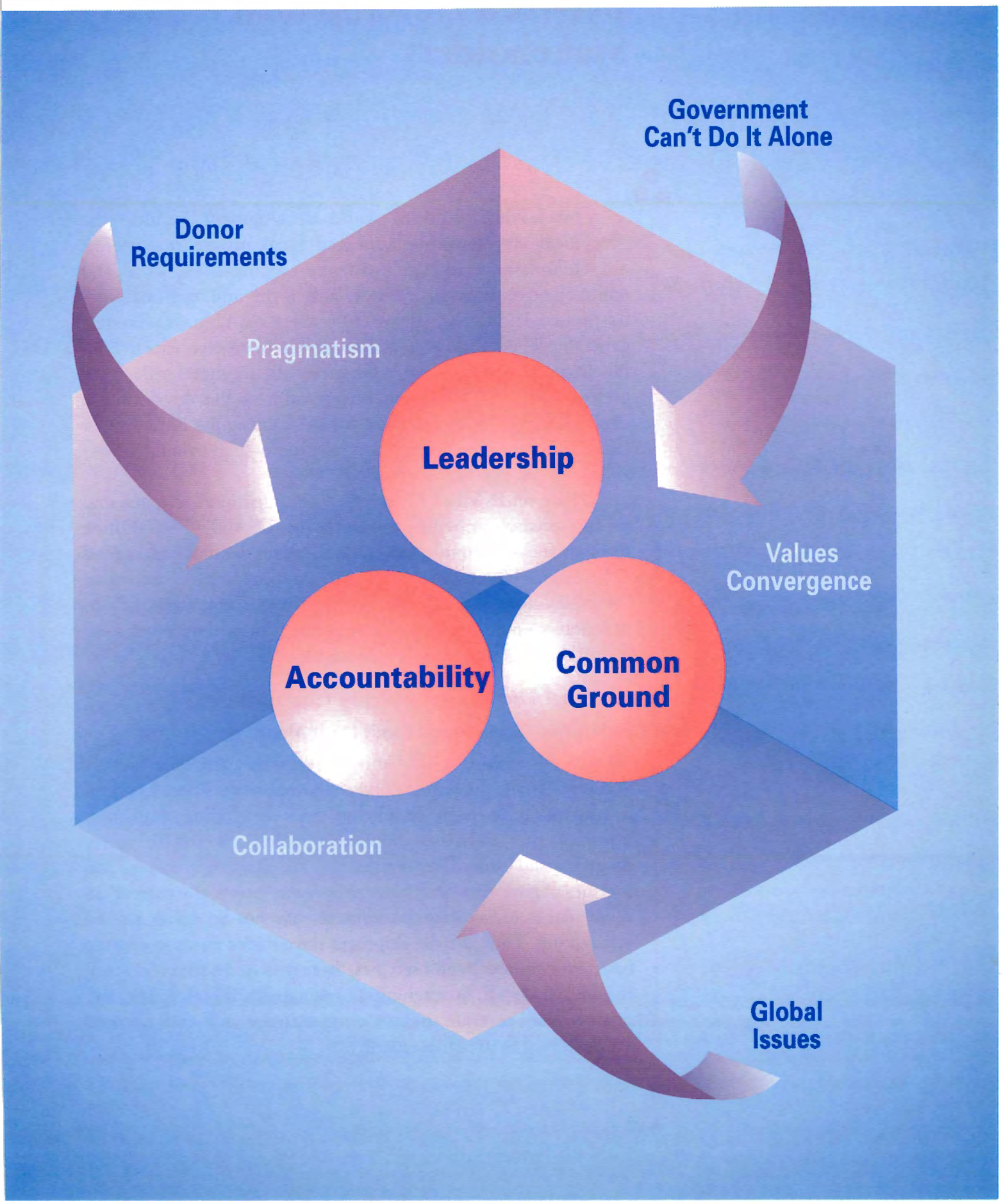
[1] Stakeholders in the international development and humanitarian arenas typically include representatives from both the public and private sectors. For purposes of this document we assume that governmental entities, along with multi- and bi-lateral agencies, comprise the public sector. Groups in the private sector are distinguished by whether or not they have commercial, profit-making, objectives. Private for-profit entities include multinational corporations and local companies. Private non-profit entities include non-governmental organizations (NGOs), along with other private international or community-based voluntary groups. For purposes of this discussion, we refer to three groupings that capture these delineations: public sector, private non-profit, and private for-profit.

[2] Harvard Business School Professor James Austin has published several articles, including *Connecting with Nonprofits* (HBS Working Knowledge, Pub. Date: Oct. 1, 2001), that discuss the complexities and multi-faceted nature of partnerships beyond traditional grants and donations.

[3] See Buzzard, Shirley. *Partnerships with Business: A Practical Guide for Nonprofit Organizations* and *Tool Kit: A compendium of tools for nonprofits to find and build alliances with business that go beyond philanthropy*. Developed by the Corporate Community Investment Service (CorCom), a project of INMED and USAID, Office of Private and Voluntary Cooperation. (1999).

[4] The Millennium Alliance is a program of INMED Partnerships for Children and USAID's Office of Private and Voluntary Cooperation to increase for-profit private sector resources for humanitarian and development programs through non-profit organizations.

THE PARTNERSHIP CONTEXT



Evolution Of Collaboration Between Development Stakeholders

Stakeholders in third world development include the local community, global and local private non-profits, foundations, foreign assistance organizations, local and national governmental entities, and local and multinational businesses. Until relatively recently, these multiple stakeholders generally did not form partnerships among themselves due to both ideological and parochial differences. As a general rule, they preferred to work independently to address the development challenges each felt were most critical. During the last 10 to 15 years, however, these stakeholders have increasingly sought serious collaboration with one another.

Based on INMED's 20 years of partnership experience and recent research activities sponsored by USAID's PVC Office through the Millennium Alliance Program, we have identified three external forces, or "drivers," that appear to have been most influential in encouraging public and private sector organizations to seriously entertain the notion that they can achieve more good by working together than by working alone.

External Drivers Influencing Collaboration

Driver #1 – Government Can't Do It Alone

The social welfare of the most vulnerable people is widely considered to be the responsibility of government. There has been a realization in both developed and developing countries, however, that initiatives dependent solely on public sector financing and leadership are subject to the changing priorities and fortunes of government. It has also become "politically correct" in more places to say that government may not be doing a good enough job. Thus, if a development stakeholder wants to provide basic education or health services, there may be a better chance of reaching that goal, or reaching it more rapidly, if both public and private sector revenue streams, competencies, and commitment are dedicated to its achievement.

Driver #2 – Transcendent Worldwide Issues

Worldwide problems that inherently transcend economic or social sectors cannot be effectively addressed for the long term without including the participation of both public and private stakeholders. HIV/AIDS and food security provide convincing examples of humanitarian problems that ignore borders and threaten to affect large populations, potentially fraying the very fabric of social stability. These problems are so large, so complex, and so potentially devastating that public and private entities have joined forces, each offering their unique competencies and resources in a spirit of cooperation and partnership for the common good.

Driver #3 – Donor-Imposed Requirements

In today's competitive fiscal environment, funders often require organizations to collaborate with multiple partners or otherwise contribute funds in order to receive a grant award. USAID, a major funder of development programs around the globe, is increasingly directing its support toward larger, more complex programs that involve collaboration among several organizations.[5] In addition, USAID's competitive solicitation process often requires private organizations, whether non-profit or for-profit, to contribute a specified percentage of private funds or other resources to augment public funding of a program.

Governmental foreign assistance entities are also increasingly promoting public-private partnership because they realize that the for-profit private sector has expertise and resources that are not available in governmental organizations or non-profits. USAID's establishment of the Global Development Alliance to stimulate private for-profit investment in humanitarian and development efforts is evidence of this realization. The GDA represents a move away from the traditional approach of limited government participation with the for-profit sector and a move toward embracing cooperation in order to leverage resources to better achieve development objectives.

Trends in Collaboration

These external forces—recognizing that government cannot successfully address all social issues alone, the emergence of transcendent global issues, and donor-imposed requirements for collaboration—have influenced some trends in behavior among development stakeholders that have resulted in increased numbers of public-private partnerships and intensified scrutiny of these partnerships within the development community.

Trend #1 – Increased Collaboration Between Public and Private Development Stakeholders

In recognition of the rich diversity of core competencies that varied stakeholders bring to addressing development issues, partnerships increasingly draw upon the skills, resources, and expertise of multiple entities working in close collaboration. Encouraging each partner to execute partnership responsibilities in areas of its strongest technical expertise makes sense and provides a foundation for successful

collaboration and program execution. In particular, the commercial private sector is viewed as offering a valuable skill set for resolution of social problems formerly seen as the purview of non-profit, university, and government experts.

In Uganda, a team of businesses and non-profits is pilot testing new technology to improve the accessibility and efficiency of a micro-finance program for rural entrepreneurs. This public-private consortium, convened by Hewlett Packard, involves several organizations, including Freedom from Hunger, ACCION International, Bizcredit, echange LLC, PRIDE AFRICA, FINCA, USAID, and the Grameen Foundation. These diverse organizations are providing the micro-finance, technological, and business resources and expertise necessary to set up a program that will increase rural entrepreneurs' access to financial resources.

Project HOPE developed state-of-the-art children's hospitals in Poland and China. Private sector contributions accounted for more than 50 percent of the hundred million dollar financing for each project. Project HOPE utilized a wide range of experts and specialists from leading children's hospitals and its staff managed the project through the construction, training, and operations phases. In addition, HOPE persuaded companies to donate expertise in biomedical engineering and interdisciplinary medical specialties in order to integrate technologies to enable their use across equipment brands and departments.

Trend #2 – Increased Pragmatism and Enlightened Self-Interest Among For-Profit Companies

Companies that a decade ago were reluctant to mix business objectives with their social investments, or even to talk about doing so, are increasingly unapologetic about focusing their social investments in locations where they do business and on programs that complement their corporate expertise. Benefits can accrue to multinational companies from this pragmatic approach in both local and international markets, including goodwill among consumers and opinion leaders and protection against undue regulation by local governments. While large local companies in developing countries have traditionally made limited community social investments, both large and small local companies are becoming more aware of the benefits of investing in humanitarian and development programs in their own countries.

Monsanto, a leading global provider of agricultural products and solutions, recently adopted a new global social investment strategy to promote nutritional well-being through improved agriculture. As part of the implementation of this strategy—grounded in its corporate competency in agriculture—Monsanto has outlined clear guidelines about the types of programs it will support, as well as where it will support them, and the types of partners with which it will work.[6]

Trend #3 – Convergence of Values and Strategies Among Public and Private Development Stakeholders

In order to accomplish their objectives, public, for-profit, and non-profit development stakeholders are increasingly adopting values and strategies traditionally associated with other types of stakeholders.

Non-profits are generating revenue to support social causes.
Some non-profits are initiating revenue-generating ventures to fund their social activities. Barro Sin Plomo, a Mexican potters' association, is embracing social entrepreneurship. Through a partnership involving Aid to Artisans, American Express, UNESCO, FONART, and USAID, Barro Sin Plomo has seized the opportunity to transform itself into a commercial entity for buyers and rural potters alike—a transformation that has attracted the interest of private investors in the U.S.

For-profits are formalizing social commitments and measuring a "second bottom line."
Some for-profit businesses have been formed specifically to generate income to fund social ventures. Stonyfield Farms, producer of organic yogurt products, was originally established for the express purpose of generating revenue to support social causes, especially in the environmental arena. However, like other successful companies founded with a strong commitment to a social credo, such as Ben and Jerry's, Stonyfield was sold to a larger, more traditional for-profit company.

Conventional for-profit companies, that were formed expressly to make a profit for their shareholders, are making public commitments by establishing corporate credos that emphasize social responsibility and measuring social commitment as a "second bottom line."

While a focus on social commitment can be difficult to maintain in the fast-paced business world, some companies strive hard to maintain this dual focus for very fundamental business reasons. In an essay in the August 1991 issue of *Scientific American*, Charles Ziegler, then senior Vice President of Ciba-Geigy (now part of Novartis), called attention to a "second bottom line"—public trust. According to Dr. Ziegler, "Unless corporations... adhere to the moral standards demanded by society, their future, like that of the planet, will be questionable indeed."

Johnson & Johnson reinforces its social commitment through its Credo, which puts responsibility to the communities it serves on equal footing with its responsibilities to its customers, employees, and stockholders. The social responsibility portion of Johnson & Johnson's Credo begins as follows: "We are responsible to the communities in which we live and work and to the world community as well."

These trends in public-private partnerships—increased collaboration, increased pragmatism and enlightened self-interest, and convergence of values and strategies—signify greater recognition among development stakeholders of the need to achieve a balance between social and business objectives as they work in partnership to achieve shared development goals.

---

[5] Indefinite Quantity Contracts (IQCs) and Leader with Associate Agreements (LWAs) are examples of this trend.

[6] Monsanto's global strategy for social investments was developed with the support of INMED's Millennium Alliance program funded by USAID's PVC office.

Critical Factors For Success

The current climate of high visibility surrounding partnership activities requires the continuous involvement and engagement of all stakeholders in partnership formation and implementation. The non-profit executive may be well-positioned to act as a catalyst to ensure that this involvement and engagement take place by working within his or her own organization and by actively aligning with counterparts in public and for-profit partner organizations. If the non-profit executive assumes this role, his or her objective is to elicit leadership commitments from partner organizations, work with partner organizations to define common ground on which a partnership can be based, and ensure that the partnership entities commit to be accountable for accomplishing the partnership objectives.

The non-profit is traditionally the development partner charged with day-to-day implementation of health, education, or environmental programs in the field. The imperative of physical presence and accountability to the community provides the incentive and rationale for the non-profit leader to assume a facilitating role to ensure that the partnership in fact results in the achievement of goals that could not have been accomplished by one organization acting alone.

In order to successfully play the role of catalytic partnership facilitator, the non-profit executive must ensure that potential partners (including his or her own non-profit) meet the requirements of these three critical success factors:[7] ***leadership***, ***common ground***, and ***accountability***.

Critical Success Factor #1 – Leadership

The leadership of all partner organizations must be committed to the goals and objectives of the partnership. Leadership must be evidenced at all levels of the organization, beginning at the top and extending to regional and local field managers.

Critical Success Factor #2 – Common Ground

Understanding the core business, mission, and geographic priorities of potential partners are prerequisites for establishing an engaged partnership. When a partnership is grounded in common interests, the potential for achieving significant humanitarian and development objectives is greatly enhanced.

Critical Success Factor #3 – Accountability

Public-private partnerships require that responsibilities be clearly defined and committed to by all partners.

Although they do not guarantee success, all three critical factors must be present in a successful partnership.

[7] The critical success factors are based on the work of the Millennium Alliance, interviews with non-profits and the commercial sector, a literature review, and INMED Partnerships for Children's 20 years of experience in promoting and participating in public-private partnerships.

Leadership

Leadership Essentials

- Provide Visionary Leadership at the Top, Reinforced by Working Relationships at Multiple Levels
- Build and Secure Organizational Support
- Invest Time and Be Proactive

Leadership is the driving force behind successful partnership formation and implementation. Determined leadership on the part of all partners is essential to leverage their diverse strengths and engage them in the pursuit of a common goal. Committed, visionary leadership requires interpersonal and negotiation skills, and the will and ability to lead an organization—as well as a partnership—toward turning a vision into a reality.

Leadership Essentials

A partnership must count on committed leadership from each partner organization. Although one partner may take on a "lead" role in support of a specific partnership effort, the leadership essentials discussed in the following sections apply equally to non-profit, for-profit, and public development partners.

Leadership Essential #1 – Provide Visionary Leadership at the Top, Reinforced by Working Relationships at Multiple Levels

The leader's fundamental goal is to communicate a visionary rationale for the existence of a public-private partnership. Without a vision that inspires the expectation of appreciable results, the individual stakeholders are likely to continue pursuing their traditional separate approaches. This vision needs to be communicated continuously, not just during initial partnership formation. Through an ongoing process of stakeholder alignment, the leader should convey at all times his or her conviction that the partnership goals will be achieved and that more is being accomplished by working in collaboration.

The concept of corporate credos cited in the previous section illustrates the type of executive-level, organization-wide leadership that is required. Visionary leadership from top executives provides mid-level personnel at the international, national, regional, and field levels with reinforcement of their respective responsibilities in support of the partnership.

"Today's IBM Corporation is the product of an extraordinary leader who has not only turned the business around to be a global leader in technology solutions and services, but who has also shifted the company's paradigm in terms of its strategic philanthropy," according to Lois Jackson, IBM's Director of External and Corporate Programs for Latin America. "The presence of the CEO's involvement in our strategic philanthropy said that our focus shifted from having the foundation leader as the flag carrier to the executive [leading the way]. And this leadership has been mandated at the market level as well. He who is responsible for the community is the country general manager… he is measured for his growth of the business, for his development of people, and he is also measured for his presence in the country—his visibility, his contribution."

The multiple levels of leadership and engagement required to build a public-private partnership can be quite different from those involved in a traditional grant making relationship. Grantor-grantee relationships often focus solely on meeting the donor's requirements and requests and can be highly dependent on the rapport between individuals at the executive level. Program execution through partnership involves managing complex issues and implementing solutions by committed individuals at multiple levels within the organization.

While implementing a partnership program to increase awareness of diabetes and improve the quality and availability of diabetes care in China, Project HOPE involved all partners and interacted regularly across multiple levels of management during planning, monitoring, assessment, and ongoing evaluation activities. The partnership included the Chinese Ministry of Public Health and Department of Disease Control and three international health care companies (Becton Dickinson & Co., Eli Lilly & Co., and Boehringer Mannheim). As the need for program modifications arose, Project HOPE was able to successfully implement adjustments because of the cooperative relationships established at all levels with both government and for-profit partner organizations.

Leadership Essential #2 – Build and Secure Organizational Support

Building on the partnership vision, leaders must persuade the respective internal and external stakeholders to invest expertise, time, and resources by convincing them that significantly more can be accomplished by joining forces and that managing a joint effort will not be unduly complicated. The management process will be simplified if the leader provides a clear strategy and defines roles that make it simple for the stakeholders to participate, to be aware of progress, and to fulfill their respective internal reporting requirements.

Given diverse organizational cultures among partners, it may also be necessary to make adjustments to internal communication styles. For-profit companies generally speak in "executive summary" language characterized by succinct market-oriented terminology to define problems, decide on benchmarks, and take action. Non-profit organizations and the public sector tend to employ "dissertation" language, using lengthy explanations and arguments to communicate their points.

The issue of organizational culture often goes deeper than communication styles. A non-profit organization that is suspicious of the motives of for-profit entities is unlikely to form successful partnerships with them. Likewise, some for-profit organizations view potential public partners as bureaucratic and potential non-profit partners as idealistic and impractical. If an organization's leadership is committed to working in partnership, that leadership needs to ensure that a process of culture change takes place within the organization, if required.

Not doing so can doom a partnership effort. When the Millennium Alliance brought together a large international non-profit and a multinational pharmaceutical company as potential partners for a regional program in Asia, both entities provided leadership at the international level. However, the non-profit country manager in one country was distrustful of corporate partnerships, and his reluctance prevented the establishment of a regional partnership.

Leadership Essential #3 – Invest Time and Be Proactive

Engaged leaders who invest time and implement proactive approaches in support of public-private partnerships can reap great rewards. The time and initiative invested by a dedicated project director at Mercy Corps proved to be critical for the development of a partnership involving Mercy Corps, Pagjino (a local Nicaraguan NGO founded with assistance from Mercy Corps in the early 1990s), and Coffee Bean International, Inc.

Pagjino produces a high quality coffee, but needed assistance tapping into the gourmet coffee market. Mercy Corps project director Leslie Jones took the initiative to learn about the coffee industry and meet with several coffee roasting companies, before identifying an appropriate corporate partner that shared a commitment to aiding the coffee growing communities in Nicaragua. From there, she reported, "it took about seven months from the time we formed the relationship with Coffee Bean International to actually getting the coffee on the market." Mercy Corps, Coffee Bean International, and the coffee farmers represented by Pagjino are each benefiting from this partnership and the leadership engaged in its development.

Any committed partner can provide proactive leadership. In 2002, an environmental non-profit, the Institute for Transportation and Development Policy (ITDP), spearheaded a partnership program to mobilize communities in Africa and improve access to health and education, as well as open up a new market for the companies involved. The determined leadership of ITDP was critical to developing this program and fostering partnerships with companies including the Trek Bicycle Corporation, a leading producer of high-quality bicycles. Trek joined forces with ITDP and took on a leading role in the design of affordable, high-quality bicycles. Trek extended its role to include championing the involvement of SRAM (another top-tier U.S. bicycle company) and local companies in South Africa, Ghana, and Senegal. Leadership from both ITDP and Trek was instrumental to the success of this partnership.

Partnership benefits can endure for the long term. INMED Partnerships for Children has been engaged in a partnership with El Paso Energy in Brazil for 10 years. Initiated at the international level between the presidents of the non-profit and the corporation, the partnership was solidified by country directors. The regional and local managers of both INMED and El Paso finalized the agreements and carry out the partnership on a daily basis. With support from visionary leadership at the top and engagement at multiple levels in both organizations, this partnership has expanded to reach communities in four states in Brazil, benefiting more than 100,000 children and their families.

Common Ground

Finding a Good Fit with Potential Partners

- Geographic Alignment
- Business Alignment
- The Right Timing

When the interests of the community and of other potential non-profit, for-profit, and public sector stakeholders intersect, common ground exists on which creation of a partnership can be pursued. In the current environment of pragmatism and more clearly articulated enlightened self-interest, it is important that all potential partners focus their energies on cultivating partnerships that can claim this common ground. For everyone working in development and humanitarian relief, there is no time to waste on forcing an alliance that does not fit.

Finding a Good Fit with Potential Partners

The key factors for determining common ground are ***geographic*** and ***business alignment.*** For most private for-profit companies, geography—specifically the location of their current and projected business interests—is by far the more important factor.

Finding a Fit – Geographic Alignment

Companies with no specific sectoral expertise (e.g., education, health) related to the development objectives of a partnership, but with active business interests in a region, such as companies in the extraction industries in Africa, are committing to large, long-term partnerships with non-profit and public sector partners. ChevronTexaco is one such company that is making concerted social investments in Angola, where it has a current and long-term vested interest because of the country's wealth of oil resources. ChevronTexaco is currently financing non-profit humanitarian and development projects, not only in Cabinda where the company maintains its operations, but throughout the country. Expanding its geographic interests outside Cabinda is in ChevronTexaco's strategic interests and it also opens a wider door for partnerships with non-profits and local government. This

extraordinary step is grounded in ChevronTexaco's current and future geographic priorities.

Finding a Fit – Business Alignment

Business alignment is also important, especially when a company's products or expertise are vital to addressing an overwhelming global need or problem. There is a good "business fit" when pharmaceutical companies that produce HIV/AIDS drugs are involved in health programs worldwide, even where they have little or no geographic business interest or presence. For-profits with the capability to make drug donations or provide grants from their corporate foundations seek partnerships with governmental organizations and non-profits that have the expertise and accountability to assure the proper delivery and use of their products.

Where there is a good fit between program objectives and the business interests of a for-profit company, a partnership can be developed incorporating the company's expertise and/or products. In the education sector, Scholastic, Inc., a leading provider of educational products and services worldwide, partners with non-profits and governments to ensure that high quality children's reading materials are available in school classrooms. Through its participation in the Centers of Excellence for Teacher Training (CETT), a USAID program designed to improve child literacy, Scholastic is providing high quality books, materials, and technical expertise that are of substantial benefit to the CETT program and the children it serves. Simultaneously, Scholastic is increasing awareness among education ministry and school personnel about its products and services.

The INMED partnership with Johnson & Johnson combines the company's expertise, products, and support with the non-profit's program implementation know-how. INMED's association with Johnson & Johnson began with in-kind donations of medicines essential for humanitarian and development programs. This product donation relationship has evolved to a more fully engaged partnership over the years, grounded in mutual expertise in health, common geographic focus, committed executive leadership, and strong working relationships at the field, regional, and international levels.

A partnership grounded in common geographic and business interests has an enhanced potential for achieving significant humanitarian and development objectives. In 2003, Freedom from Hunger partnered with GlaxoSmithKline to develop an education module for malaria prevention and care in West Africa. Freedom from Hunger's strategy for fighting poverty and hunger, combined with the technical and financial resources of GlaxoSmithKline, is yielding important health benefits for thousands of women and their families living under the constant threat of malaria. This partnership program incorporates both the non-profit's core development model and the pharmaceutical company's core business interests. Freedom from Hunger is providing the education and assistance necessary for children to survive and people to move out of poverty, and GlaxoSmithKline is

expanding the distribution market for its products. As explained by Freedom from Hunger's President, Christopher Dunford, "When you have a greater connection between the core models of business of both partners, then there is potential for greater success in that the partnership resonates more with what both organizations are trying to accomplish."

Finding a Fit – The Right Timing

Timing often determines the feasibility of crafting a partnership, even when geographic and business interests intersect. Opportunity International, one of the world's largest micro-finance networks, is continually seeking partnerships to enhance opportunities for poor families through the provision of small business loans and entrepreneurial training. Its partnership with Nike, Inc., in Jakarta, Indonesia, is a result of being at the right place at the right time. When Opportunity International approached Nike, "Nike was interested in a particular area in Indonesia, and there happened to be a match," according to Dennis Ripley, Opportunity International's Senior Vice President for Programs. "But if that didn't line up for us, that partnership would not have been practical." Now, through this partnership, thousands of poor families enjoy access to the services of a new micro-finance institution.

In the fast-paced global market, geographic locations and business interests can change quickly, and can create new opportunities for partnership. Monitoring changes in global business conditions and humanitarian circumstances can present future opportunities for partnership.

Accountability

Ensuring that Outcomes are Achieved and Promises are Kept

- Understanding and Documenting Expectations and Accountabilities
- Setting Goals
- Moving Toward Sustainability

Each of the organizations comprising a partnership must accept ultimate responsibility for keeping its promise to the community and stand behind achievement of any objectives that are made public through formal or informal communication.

Ensuring that Outcomes are Achieved and Promises are Kept

Once geographic and business interests are aligned between the potential partners, committed leaders from all stakeholder groups must come to a mutual understanding about outcomes, expectations, and accountability. The partners should jointly explore and document expectations regarding the roles and responsibilities of each partner, set goals and objectives for the partnership's work, and establish mechanisms to foster local sustainability.

Understanding and Documenting Expectations and Accountabilities

Expected outcomes and accountabilities should be included in a formal document so that all major stakeholders clearly understand expectations and their respective roles. All partners need to demonstrate a commitment and determination to achieve the specified outcomes and agree to be accountable for defined aspects of the partnership activities. Even with a documented mutual commitment, however, a lead partner often takes on responsibility for assuring that implementation of program strategies results in achievement of outcomes. Most often the lead partner is a non-profit organization. Whether or not a lead partner is identified, all partners must consider themselves accountable for the overall success or failure of the program above and beyond their precise roles.

A challenge for the non-profit, accustomed to being accountable for defined program outputs and outcomes, is to be

sure it is not missing other, less familiar and often less explicit expectations of its for-profit partners. These expectations may include providing "executive summary" updates and pictures suitable for a corporate newsletter, creating local government awareness of the program, or conducting special events and other public relations activities to increase the visibility of the corporate partner at the local, national, or international level.

Setting Goals

At the outset of the partnership, partners should jointly craft a well-conceived evaluation plan with clear measurement criteria. Demonstration of results is important to all partners, but the culture of each partner traditionally dictates a particular bias or measurement perspective. Because of this, partners should first agree on a common language for defining and measuring progress. Bottom-line results, presented in a clear, concise fashion, are particularly important for the private sector. For non-profits accustomed to government and foundation grants, financial reporting to private sector partners can include some unfamiliar concepts. Cost/benefit ratios and return-on-investment indicators can be more important to corporate partners than line item details. Non-profits have traditionally placed more emphasis on human interest or "testimonial" measures of a program's impact. Exploring and resolving these different approaches to measuring performance and evaluating achievements is an essential part of partnership formation.

One of the realities faced by non-profit and governmental organizations in partnering with commercial entities is that market conditions encourage corporate investments that yield short-term, immediate results. Most development programs do not lend themselves to accomplishment of immediate results. However, companies also have long-term strategies and objectives, and may support a long-term plan that includes strong interim goals, with benchmarks and milestones and methods for evaluating their achievement. As noted by Dana de Kanter, Executive Director of the SEEP Network, "Because the timing of our work sometimes goes against their [the private sector's] own logic because they are moving at such a fast pace, and because development is long-term, we need to schedule in intermediate results to really show impact."

Documented interim results may also make it easier to encourage new or additional partners that require demonstration of program success before committing to participation. "Investing in measurement is so important," according to Monsanto Fund President, Deborah Patterson. "Non-profits should ask for money for evaluation right up front because it gives them ammunition to go to other donors and say, 'I have something that works.'"

Moving Toward Sustainability

Public-private partnerships, with the combined advantage of diverse expertise, resources, and perspective, hold the promise for not only meeting basic human

needs, but also for bringing about positive, sustainable change. Quality projects, sustained by the communities in which they are implemented, can improve health and education, create jobs and businesses, and attract local and multinational investment. While a partnership will not set out to change an entire society, the opportunities provided by such partnership-supported projects can help foster an environment in which communities themselves can move from incremental social change to social transformation.[8]

Local partners and communities have a profound stake in achievement of the partnership program goals, and the level of their interest and commitment will ultimately affect the program's sustainability. Objectives for both financial and institutional sustainability should be built into the partnership implementation strategy and incorporated into the partnership document. As milestones are reached and the partners become increasingly confident that success is possible, the accountability of the local partners for long-term sustainability must be reinforced. Sustainability objectives should be practical and achievable, and not assume a constant stream of support from outside the community.

While external organizations can promote sustainability, there is nothing like local engagement to ensure that it actually occurs. In partnership with USAID, the Aspen Institute, and four African business leaders, TechnoServe, a U.S.- based non-profit, is catalyzing Africa's private sector to play a greater role in addressing the continent's foremost challenges with its "Africa Leadership Initiative" (ALI). Through a series of four week-long seminars spanning 36 months, ALI challenges local business leaders, called Africa Leadership Fellows, to move "from success to significance" by opening constructive channels of dialogue with their governments rather than simply critiquing them from the sidelines. All Fellows are required to carry out a high-impact leadership project, prompting them to use their talents, networks, and resources to tackle critical social issues from illiteracy to corruption to HIV/AIDS. "Our goal is that, by 2006, ALI will become a freestanding African institution capable of raising its own funds and covering its own costs," said Peter Reiling, former President and CEO of TechnoServe.

---

[8] The opportunity for social transformation is discussed in detail in *"High-Engagement Philanthropy: A Bridge to a More Effective Social Sector"* by Mario Morino, Chairman of Venture Philanthropy Partners, and Bill Shore, Chairman of Community Wealth Ventures.

Conclusion

Goals for the health and sustainability of our planet and its people, embodied in the Millennium Development Goals,[9] can more readily be achieved through the combined efforts of all development stakeholders—governmental, commercial, and non-profit—working together and applying their respective strengths and competencies to the fulfillment of these goals. The diversity of thought, expertise, and approaches that culminates in dynamic, synergistic partnerships also accounts for the complexity in forming those partnerships and ensuring their success.

We believe that leaders of non-profit organizations are in a unique position to communicate across sectors and skillfully facilitate the partnership process. Non-profit leaders willing to take on the challenge must ensure, through their facilitating function, the presence of the fundamental factors critical for the success of the partnership: committed leadership, common interests, and clear accountability for results.

While public-private partnerships will not guarantee the success of development programs, the combined expertise and resources of governmental organizations, teamed with those of commercial and non-profit private sector entities, offer the promise of more creative, effective, and sustainable interventions to achieve humanitarian and development objectives worldwide.

[9] The Millennium Development Goals are a refined and expanded version of the goals set forth in the United Nations Declaration of 2000, signed by 189 countries, to improve the lives of the world's poorest citizens by 2015.

Glossary

Private Sector The area of a nation's economy under private rather than governmental control. Groups in the private sector are distinguished by whether or not they have commercial, profit-making objectives.

Private For-Profit Commercial multinational corporations and local companies established to earn income and profit.

Private Non-Profit U.S.-based or local organizations, agencies, or institutions operating to achieve humanitarian or development goals, typically linked to improving the social and economic welfare of communities in need.

Public Sector National, state, and local governmental entities, along with multi- and bi-lateral agencies.

Public-Private Partnership A model of development cooperation in which private sector – commercial and non-profit – and public sector organizations pool complementary expertise and resources to achieve humanitarian or development goals. The level of involvement and responsibility shared by each partner varies in each partnership, as do the risks and rewards.

References

For additional information on building public-private partnerships, try these resources:

Alvord, Sarah, Brown, David and Letts, Christine. *Social Entrepreneurship and Social Transformation: An Exploratory Study.* The Hauser Center for Nonprofit Organizations and the Kennedy School for Government, Harvard University. (Working Paper #15: November 2002).

Austin, James. *The Collaboration Challenge: How Nonprofits and Businesses Succeed through Strategic Alliances.* Jossey-Bass Publishers. San Francisco, CA. (April 2000).

Austin, James. *Connecting with Nonprofits.* Published in the Harvard Business School Working Knowledge. (Pub. Date: Oct. 1, 2001). http://hbswk.hbs.edu/tools/print_item.jhtml?id=2489&t=nonprofit

Austin, James. *Principles of Partnership.* Published in Leader to Leader, No. 18. (Fall 2000). http://l2li.org/leaderbooks/l2l/fall2000/austin.html

Berman, Jonathan and Webb, Tobias. *Race to the Top: Attracting and Enabling Global Sustainable Business.* A study prepared by Political & Economic Consulting and Ethical Corporation magazine for the World Bank and International Finance Corporation. (October 2003).

Buzzard, Shirley. *Partnerships with Business: A Practical Guide for Nonprofit Organizations.* Developed by the Corporate Community Investment Service (CorCom), a project of INMED and USAID, Office of Private and Voluntary Cooperation. (1999).

Buzzard, Shirley. *Tool Kit: A compendium of tools for nonprofits to find and build alliances with business that go beyond philanthropy.* Developed by the Corporate Community Investment Service (CorCom), a project of INMED and USAID, Office of Private and Voluntary Cooperation. (October 1999).

Cowe, Roger. *Analysis: Business/NGO Partnerships – What's the Payback?* A look at some high profile cases of business/NGO partnerships and the strategic benefits and challenges to both sides. Prepared for the Ethical Corporation magazine. (April 2004). http://www.ethicalcorp.com/

Davis, Lee. *The NGO Entrepreneur: Nonprofit in Purpose, For-Profit in Approach.* Prepared for ISAR: Initiative for Social Action and Renewal in Eurasia.
http://www.isar.org/isar/archive/ST/NGOselffunding48.html

Morino, Mario and Shore, Bill. *High-Engagement Philanthropy: A Bridge to a More Effective Social Sector.* Published jointly by Venture Philanthropy Partners and Community Wealth Ventures. (June 2004).
http://www.vppartners.org/learning/reports/report2004/report2004.pdf

A Little Bit of Give and Take – Voluntary Sector Accountability within Cross-Sectoral Partnerships. Published by the National Council for Voluntary Organizations in the UK. (May 2003).
http://www.ncvo-vol.org.uk/asp/uploads/uploadedfiles/1/209/abitofgivereport.pdf

Emerging Partnerships: New Ways in a New World. A summary of remarks made at a symposium organized by The Peter F. Drucker Foundation for Nonprofit Management. (December 1996).
http://leadertoleader.org/forms/partners.pdf

Reducing Global Poverty: Engaging the Global Enterprise. A Statement by the Research and Policy Committee of the Committee for Economic Development. (July 2003).
http://www.ced.org/docs/report/report_globalization_enterprise.pdf

Also, try these organizations on-line:

www.bsr.org
Business for Social Responsibility
A non-profit organization providing a wide range of resources – including tools, training, and advisory services – to promote awareness of corporate social responsibility and provide opportunities for collaboration and networking across sectors.

http://www.bc.edu/centers/ccc/index.html
Center for Corporate Citizenship at Boston College
A research organization based at Boston College, working with global corporations to help them define, plan, and operationalize their corporate citizenship. Functions as both an educational and research center and informational resource.

www.ethicalcorp.com
Ethical Corporation
Independent provider of news, analysis, and events related to corporate, social, financial, and environmental responsibility. Accomplishes this through a website, print magazine, reports, and global conferences.

http://www.kenan-flagler.unc.edu/KI/
Kenan Institute of Private Enterprise
Based at UNC's Kenan-Flagler Business School, the Institute provides access to resources related to private enterprise and leveraging the resources and expertise of the private sector.

http://knowledge.wharton.upenn.edu/
Knowledge@Wharton
A bi-weekly on-line resource that offers the latest business insights, information, and research from a variety of sources. This website provides analysis from the business perspective, and includes up-to-date information on topics and trends, including social entrepreneurship.

http://www.pfdf.org/
Leader to Leader Institute
Formerly the Peter F. Drucker Foundation for Nonprofit Management, the Institute works to strengthen the leadership of the social sector through the provision of educational opportunities and resources. Its quarterly journal, *Leader to Leader*, is available on-line and provides information on leadership, management, and strategy from the perspectives of the public, private, and social sector.

http://www.independentsector.org/mission_market/index.html
Mission & Market: The Resource Center for Effective Corporate-Nonprofit Partnerships
The Center is a project of the Independent Sector – a coalition of non-profits, foundations, and corporations strengthening not-for-profit initiative, philanthropy, and citizen action. Activities include providing access to resources for non-profits and corporations seeking to build effective partnerships.

Acknowledgements

INMED Partnerships for Children and the Millennium Alliance program gratefully acknowledge the many people who participated in the development of this publication, including the leaders of non-profit organizations who graciously shared their experiences and thoughts on partnerships through interviews; the corporate executives whose insight was critical to including a business perspective; the USAID Office of Private and Voluntary Cooperation whose support and guidance made this publication possible; and the staff and board members of INMED Partnerships for Children whose expertise, advice, and direction were invaluable to the development of this publication.

We are thankful for the time and energy contributed by all of the organizations and individuals listed below.

Nonprofit Organizations

Aid to Artisans, Inc.
Ms. Clare Brett Smith, President

Children International
Mr. Tom Owens, Director of Grant Programs

Enterprise Development International
Mr. Kenneth Wesche, Vice President of Programs

Freedom from Hunger
Dr. Christopher Dunford, President

The Institute for Transportation and Development Policy
Ms. Aimee Gauthier, Africa Program Manager
Mr. Paul Steely White, Africa Regional Director (former)

International Development Enterprises
Mr. John Magistro, Director of Planning and Impact Evaluation

Mercy Corps
Ms. Sarah Buckley, Civil Society Program Officer (former)
Ms. Leslie Jones, Project Director

The Mountain Institute, Inc.
Dr. Alton Byers, Director of Research and Education

Opportunities Industrialization Centers International, Inc.
Mr. Quy Nguyen, Vice President for Business Operations

Opportunity International, Inc.
Mr. Ken Koskela, Vice President for International Business Development
Mr. Dennis Ripley, Senior Vice President for Programs

PACT
Ms. Sabrina Atwater, Program Manager, Capacity Building
Ms. Elizabeth Kummer, Senior Program Officer, Capacity Building

Project HOPE
Mr. Cary Kimble, Director of Development

SEEP Network
Ms. Dana de Kanter, Executive Director

The Synergos Institute
Ms. Janet Becker, Director, Operations
Ms. Jean Reilly, Senior Manager, Grants

TechnoServe, Inc.
Mr. Peter Reiling, President and CEO (former)

World Vision, Inc.
Mr. Dean Salisbury, Operations Manager for Gifts-In-Kind

Corporations

El Paso Energy
Mr. Roberto de Almeida, Vice President

IBM
Ms. Lois Jackson, Director, External & Corporate Programs, Latin America

Johnson & Johnson
Mr. Conrad Person, Director of International Programs
Dr. Richard Martinez, Director of Latin America Programs

Monsanto Fund
Ms. Deborah Patterson, President

Scholastic, Inc.
Dr. Carol Sakoian, Vice President, International Business Development

USAID Office of Private and Voluntary Cooperation

Mr. Tom Carter, Technical Advisor, Cooperative Development Program, PVC-ASHA

Ms. Judith Gilmore, Director, PVC-ASHA

INMED Partnerships for Children

Dr. Linda Pfeiffer, President

Dr. Thad Jackson, Executive Vice President

Mr. William Walsh, Vice President for Development and Director, Centers of Excellence for Teacher Training Partnerships Program

Ms. Alyssa Defrin-Adeyemi, Program Manager, The Millennium Alliance for Social Investment

Ms. Suzanne Wilcox, Program Manager, Centers of Excellence for Teacher Training Partnerships Program

Ms. Mary-Lynne Lasco, Director of Research and Development for U.S. Programs

Ms. Jill Friend, Director, Marketing Communications and Sales Management

Produced by the Millennium Alliance for Social Investment
A Program of INMED Partnerships for Children
Sponsored by the Office of Private and Voluntary Cooperation, USAID

INMED Partnerships for Children
"Inspiring Communities, Creating Opportunities"

45449 Severn Way, #161
Sterling, VA 20166
703-444-4477 telephone
703-444-4471 fax
www.inmed.org